

**PROGRAM NARRATIVE****413 Department of Financial Institutions****Date:** 12/23/2014**Time:** 12:55:03**Program:** Administration**Reporting level:** 00-413-100-00-00-00-00000000**Program Performance Measures**

1. Ensure the financial institutions operate in a safe and sound manner.
2. Examine all regulated entities within the timeframes prescribed by North Dakota statutes.
3. The maintenance of public confidence in regulated industries.
4. Provide for the opportunity for these industries to effectively service the convenience and needs of depositors, borrowers, and other customers, and to participate in and promote the economic progress of North Dakota.
5. Provide for the simplification and modernization of the laws governing the regulated industries.
6. To maintain a regulatory agency that consists of highly trained and experienced examiners to implement the mission, duties and responsibilities of the agency.
7. As regulators, we perform our duties in an ethical, unbiased, informed, and efficient manner.
8. Maintain the Department of Financial Institution's records management system to enhance efficiency and effectiveness.
9. Maintain examination staff at allotted FTE levels.
10. Operate the Department within budget parameters.

**Program Statistical Data**

The Department of Financial Institutions has 18 examiners, 2 chief examiners, 4 consumer investigators, and 5 office staff to supervise and examine 75 banks, 2 trust companies, 21 credit unions, 520 collection agencies, 324 money brokers, 58 money transmitter companies, 1775 mortgage loan originators, 1 debt settlement service provider, and 46 deferred presentment service providers. In addition the Department examines the Bank of North Dakota on a bi-annual basis.

**Explanation of Program Costs**

Salaries represent 80% of the Department budget. Travel expenses, which comprise almost 40 percent of the Operating expense request, are primarily for vehicle, motel and meal costs for the 17 bank financial institutions examiners, 3 credit union financial institutions examiners, and 4 consumer investigators, who travel within the state at least 90% of the time, including 65% overnight travel.

**Program Goals and Objectives**

The Department successfully retained national accreditation from the National Credit Union Administration for the credit union division and from CSBS for the banking division. The accreditation process enhances the function of the Department since it requires staff to review the aspects of the Department operations, and encourages the Department to strive for continuous process improvement in areas that may not receive an exemplary rating.

The examination staff continues to maintain bank and credit union examination frequency within the requirements set by statute, as well as federal examination frequency requirements. The Department issues administrative orders to problem institutions, and more closely supervises these institutions to ensure the corrective programs are implemented as expeditiously as possible. The Department has developed an early warning system which assists the Department in an attempt to identify and forestall potentially problem situations.

The State Banking and Credit Union Boards continue to act on applications as quickly as possible while still providing public comment opportunity.

The number of licenses issued to Money Brokers, Collection Agencies, Mortgage Loan Originators, Deferred Presentment Service Providers (payday lenders), Debt Settlement Providers, and Money Transmitters continues to increase on an annual basis. The Department has utilized the National Multi-State Licensing System to issue licenses in a more efficient manner.

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The Department continues to revise the pay plan to attract and retain qualified individuals through the Human Resource Management Services. The intent is to reduce the turnover in the Department and recruit better candidates.

**REQUEST DETAIL BY PROGRAM**

413 Department of Financial Institutions

Bill#: HB1008

Date: 12/23/2014

Time: 12:55:03

Biennium: 2015-2017

Program: Administration		Reporting Level: 00-413-100-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
<b>Salaries and Wages</b>					
Salaries - Permanent	3,738,444	3,782,944	819,807	4,602,751	136,344
Temporary Salaries	7,228	0	0	0	0
Overtime	2,290	0	0	0	0
Fringe Benefits	1,270,916	2,092,045	(502,698)	1,589,347	51,145
<b>Total</b>	<b>5,018,878</b>	<b>5,874,989</b>	<b>317,109</b>	<b>6,192,098</b>	<b>187,489</b>
<b>Salaries and Wages</b>					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	5,018,878	5,874,989	317,109	6,192,098	187,489
<b>Total</b>	<b>5,018,878</b>	<b>5,874,989</b>	<b>317,109</b>	<b>6,192,098</b>	<b>187,489</b>
<b>Accrued Leave</b>					
Salaries - Permanent	0	120,783	(120,783)	0	0
<b>Total</b>	<b>0</b>	<b>120,783</b>	<b>(120,783)</b>	<b>0</b>	<b>0</b>
<b>Accrued Leave</b>					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	120,783	(120,783)	0	0
<b>Total</b>	<b>0</b>	<b>120,783</b>	<b>(120,783)</b>	<b>0</b>	<b>0</b>
<b>Operating Expenses</b>					
Travel	400,260	504,920	25,330	530,250	22,000
Supplies - IT Software	1,780	38,800	0	38,800	500
Supply/Material-Professional	7,085	17,800	(4,940)	12,860	300
Bldg, Ground, Maintenance	1,375	1,800	0	1,800	0
Miscellaneous Supplies	5,417	2,700	800	3,500	0
Office Supplies	24,716	20,000	1,500	21,500	600
Postage	8,465	9,500	0	9,500	0
Printing	3,066	10,500	0	10,500	100
IT Equip Under \$5,000	17,212	16,300	68,022	84,322	300
Other Equip Under \$5,000	670	14,125	0	14,125	200
Office Equip & Furn Supplies	33,792	0	475	475	0
Insurance	5,994	11,700	1,550	13,250	0
Rentals/Leases-Equip & Other	9,255	12,600	(12,600)	0	0
Rentals/Leases - Bldg/Land	195,024	204,000	23,140	227,140	0
Repairs	0	800	0	800	0

# REQUEST DETAIL BY PROGRAM

413 Department of Financial Institutions

Biennium: 2015-2017

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Date: 12/23/2014

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Program: Administration		Reporting Level: 00-413-100-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
IT - Data Processing	155,113	169,000	6,155	175,155	600
IT - Communications	37,381	43,100	3,575	46,675	0
Professional Development	132,761	189,800	13,200	203,000	6,000
Operating Fees and Services	72,488	89,000	(10,000)	79,000	0
Fees - Professional Services	39,106	72,000	0	72,000	0
<b>Total</b>	<b>1,150,960</b>	<b>1,428,445</b>	<b>116,207</b>	<b>1,544,652</b>	<b>30,600</b>
<b>Operating Expenses</b>					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	1,150,960	1,428,445	116,207	1,544,652	30,600
<b>Total</b>	<b>1,150,960</b>	<b>1,428,445</b>	<b>116,207</b>	<b>1,544,652</b>	<b>30,600</b>
<b>Contingency</b>					
Operating Fees and Services	0	156,000	(79,000)	77,000	0
<b>Total</b>	<b>0</b>	<b>156,000</b>	<b>(79,000)</b>	<b>77,000</b>	<b>0</b>
<b>Contingency</b>					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	156,000	(79,000)	77,000	0
<b>Total</b>	<b>0</b>	<b>156,000</b>	<b>(79,000)</b>	<b>77,000</b>	<b>0</b>
<b>Total Expenditures</b>	<b>6,169,838</b>	<b>7,580,217</b>	<b>233,533</b>	<b>7,813,750</b>	<b>218,089</b>
<b>Funding Sources</b>					
<b>Special Funds</b>					
242 Financial Inst Regulatory Fund 242	6,169,838	7,580,217	233,533	7,813,750	218,089
<b>Total</b>	<b>6,169,838</b>	<b>7,580,217</b>	<b>233,533</b>	<b>7,813,750</b>	<b>218,089</b>
<b>Total Funding Sources</b>	<b>6,169,838</b>	<b>7,580,217</b>	<b>233,533</b>	<b>7,813,750</b>	<b>218,089</b>
<b>FTE Employees</b>	<b>29.00</b>	<b>29.00</b>	<b>0.00</b>	<b>29.00</b>	<b>1.00</b>

**CHANGE PACKAGE DETAIL**

413 Department of Financial Institutions

Bill#: HB1008

Date: 12/23/2014

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Biennium: 2015-2017

Program: Administration			Reporting Level: 00-413-100-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

**Base Budget Changes****Ongoing Budget Changes**

A-A 1 Expenditures Changes		0.00	0	0	37,207	37,207
Base Payroll Change		0.00	0	0	196,326	196,326
<b>Total Ongoing Budget Changes</b>		<b>0.00</b>	<b>0</b>	<b>0</b>	<b>233,533</b>	<b>233,533</b>
<b>Total Base Budget Changes</b>		<b>0.00</b>	<b>0</b>	<b>0</b>	<b>233,533</b>	<b>233,533</b>

**Optional Budget Changes****Ongoing Optional Changes**

A-C 2 New FTE	1	1.00	0	0	218,089	218,089
<b>Total Ongoing Optional Changes</b>		<b>1.00</b>	<b>0</b>	<b>0</b>	<b>218,089</b>	<b>218,089</b>
<b>Total Optional Budget Changes</b>		<b>1.00</b>	<b>0</b>	<b>0</b>	<b>218,089</b>	<b>218,089</b>